

# PPLA Participations – PPLA11

## Earnings Release

Fourth Quarter 2020

*March 23<sup>th</sup>, 2021*

### Performance PPLA Participations

Rio de Janeiro, Brazil, March 23<sup>th</sup>, 2021 - PPLA Participations Ltd. (PPLA Participations), reported losses and total comprehensive losses close to zero for the quarter ended December 31st, 2020 (4Q 2020).

Financial position and results from PPLA Participations consist mostly of its proportional share in PPLA Investments' equity, equivalent to 0.003% as of December 31<sup>st</sup>, 2020.

In the 4Q the result of PPLAI was negative mainly due to loans write off and no relevant results were recognized in PPLAP.

## Relevant Events

### COVID-19

The Company's management is tracking the effects COVID-19 may have on its business. Any outcome prediction is hampered due to the situation's rapid and fluid development, which can lead to a fallout in economic and market conditions, triggering a decline in global economic activity. The Company is monitoring all developments related to COVID-19 and coordinating its operating response, taking into account the continuity plans from preexisting business ventures and on the guidelines exposed by global health organizations, governments and general best practices in response to this pandemic. The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world, including ours, and the economic and political environments in which businesses operate. There are a number of factors associated with the ongoing COVID-19 pandemic and its impact on global economies that could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and the market price of our securities. In particular, the COVID-19 pandemic has affected business and economic sentiment, causing significant volatility in global markets and affecting the outlook of the Brazilian economy and that of other countries in which we maintain investments, may in the future make investments and conduct business through our subsidiaries.

### Acquisitions and Sales

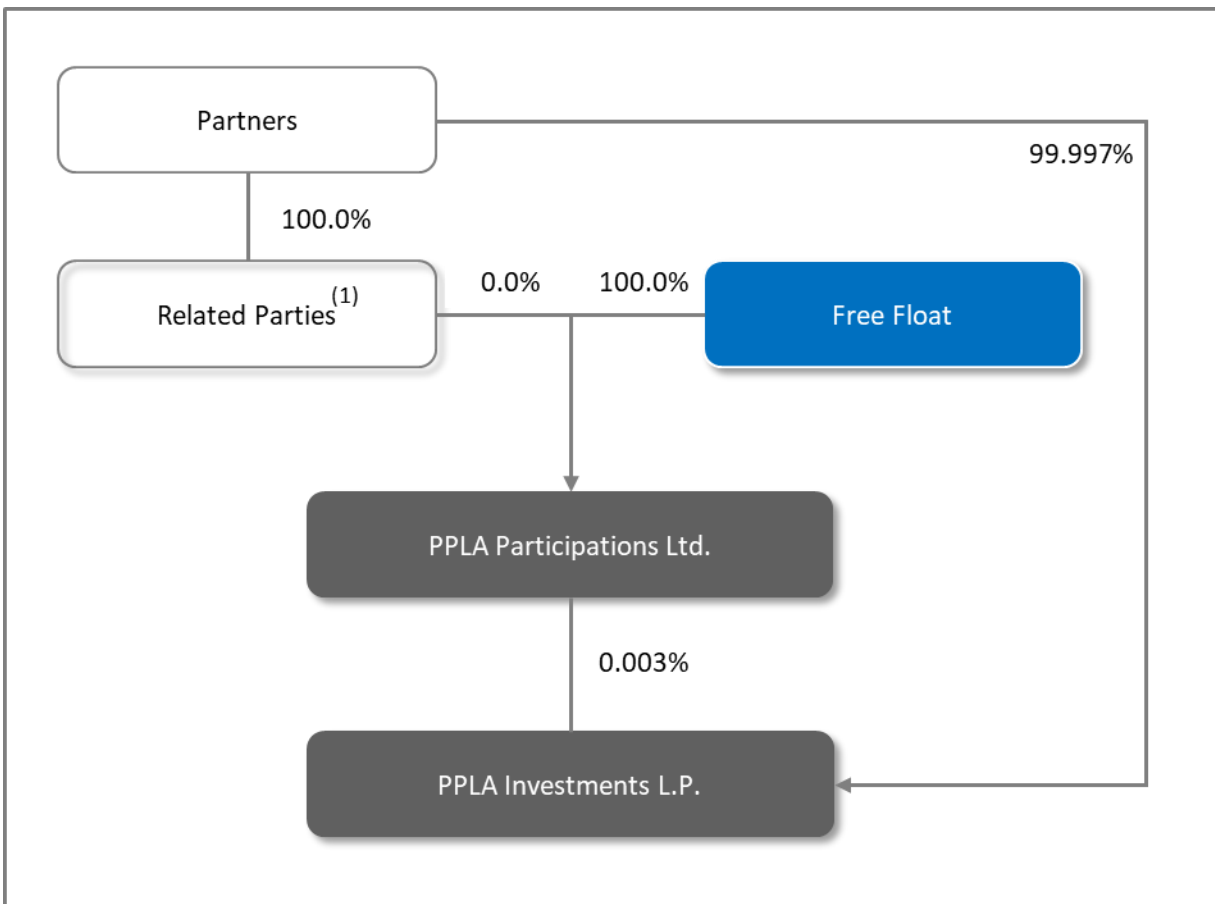
On October 5<sup>th</sup>, 2020, Fip Principal, PPLAI's subsidiary, sold its participation in Auto Adesivos Paraná S.A. ("CCRR") in the amount of R\$170,283. However, the indirect participation held by PPLA in CCRR has not changed, since FIP Turquesa - held 100% by the Company - acquired the 30,1% previously owned through FIP Principal. No gains or losses were recognized in the transaction.

### Subsequent events

On February 6<sup>th</sup>, 2021 a capital increase in "CCRR" was approved, through the issuance of 39,671,906 ordinary nominative shares with no par value. FIP Turquesa, PPLAI's subsidiary, acquired 12,215,916 shares for the amount of R\$22,786, and the participation has not significantly changed.

### Shareholding Structure

PPLA Participations owns through its wholly-owned subsidiary BTG Bermuda LP Holdco Ltd. a stake corresponding to 0.003% of PPLA Investments’ capital. PPLA Participations indirectly holds equity interest in PPLAI and accounts for its as investment entity in accordance with IFRS 10 - Consolidated Financial Statements where assets and liabilities are measured at fair value.



(1) if applicable, it may include units acquired by investment vehicles owned by certain partners individually or collectively and vehicles under common control of the *Partnership*. The shareholding of the Partners in PPLAI takes place mainly through BTG MB Investments L.P.

## Financial Information

The financial information presented in the tables below consists of the financial position and results of operations from PPLA Investments as we believe they are more meaningful than those from PPLA Participations in order to understand the results of PPLA Participations.

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	PPLA Investments	
	3Q 2020	4Q 2020
Financial income	23	(24)
Financial expenses	(3)	(3)
<b>Gross financial income</b>	<b>20</b>	<b>(27)</b>
Other operating income (expenses)	(1)	(1)
<b>Operating income</b>	<b>19</b>	<b>(27)</b>
Non-operating income/(expenses)	-	-
<b>Income before taxes and profit sharing</b>	<b>19</b>	<b>(27)</b>
Income and social contribution taxes	-	-
Statutory profit sharing	-	-
Non-controlling interest	-	-
<b>Net income</b>	<b>19</b>	<b>(27)</b>

Note: As PPLA Investments is accounted in USD, the adjusted financial statements do not consider the effect of exchange variation of the assets, reporting the net income in BRL. The income statement disclosed above is pro forma, excluding foreign exchange translation effects impacts between lines. Includes adjustments to normalize hedge effects.

In 4Q 2020 PPLAI had operating losses of R\$27 million, mostly related to B&A loans write off.

As PPLAI is an investment entity, it does not have significant operating expenses and administrative costs. As a result of the foregoing, net income was negative in R\$27 million in line with operating income.

## Main Assets

The table presents a summary of PPLAI' assets and liabilities. The balance sheet below is pro-forma because it considers certain adjustments, such as intercompany eliminations.

Unaudited pro-forma balance sheet (in R\$ million)					
	3Q20	4Q20		3Q20	4Q20
<b>Assets</b>	<b>1.402,7</b>	<b>1.343,1</b>	<b>Liabilities + Equity</b>	<b>1.402,7</b>	<b>1.343,1</b>
Cash & Equivalents	37,2	104,2	Financial Liabilities	933,7	922,1
Investment Entity Porfolio	326,9	348,4	- Financial Institutions <sup>(1)</sup>	933,7	922,1
Merchant Banking	262,4	286,4			
- B&A	25,8	-			
- Fazendas Timber	149,1	149,6	Other Liabilities	312,1	252,5
- BR Pec	60,3	55,3			
- CCRR	-	61,5			
- Other Assets	27,2	20,0			
BTG Pactual Bonds	64,5	62,0			
Invest at Fair Value - OCI	618,0	584,2			
Loans and Receivables	119,9	116,4			
- Partners	119,9	116,4			
Other Assets <sup>(1)</sup>	300,7	190,1	<b>Shareholders Equity</b>	<b>157,0</b>	<b>168,4</b>

(1) Excludes Intercompany Transactions

- (i) **Cash & Equivalents** were R\$104.2 million in the end of the 4Q 2020, compared to R\$37.2 million in the 3Q 2020.
- (ii) **Investment Entity Portfolio.**
- B&A** is a mining company that develops and explores opportunities in this sector. Total assets decreased from R\$ 25.8 million in 3Q to R\$ 0.0 in the end of 4Q due to loans write off.
  - Fazendas Timber** consists of land properties, dedicated to management and commercial activities inherent to eucalyptus and pine plantation. The total assets increased from R\$143.1 million in the end of 3Q to R\$ 149.6 million in the end of 4Q due to positive fair value adjustment.
  - Equity investment of R\$ 55.3 million in **BR Pec**, an agricultural / ranching company that is focused on production of soy, corn and cattle. The operations are focused on improving productivity levels. PPLA Investments owns 100% of the asset. The decrease in asset value from 4Q 2020 was mostly due to the interest accrual in the company's debt.
  - CCRR** consist of 30.1% participation in Auto Adesivos Paraná S.A. (also known as "TAGME"). The participation held by Fip Principal (Investment at Fair Value – OCI) was acquired by FIP Turquesa, with no gain or losses recognized in the transaction.
  - Other Assets** under Merchant Banking portfolio consist of over ten smaller investments across different sectors.
- (iii) **BTG Pactual Bonds** consists of bonds issued by Banco BTG Pactual S.A. Total assets decreased from R\$ 64.5 million in the end of 3Q to R\$ 62.0 million in the end of 4Q 2020.

- (iv) PPLA Investments also carries other private equity assets, under **Invest at Fair Value – OCI**, which are mainly held via investment funds, such as UOL, among other investments. The total balance decreased from R\$618.0 in the 3Q 2020, to R\$584.2 in the 4Q 2020 mostly due the sale of “CCRR” to FIP Turquesa partially offset by positive fair value adjustment in UOL.
- (v) **Loans and Receivables** consists of R\$116.4 million of partnership loans.
- (vi) **Financial Liabilities**
  - a. Liabilities to Financial Institutions consist of some long-term loans with Brazilian financial institutions. The total amount decreased during the quarter due to interest payment.

## **Basis for Presentation**

Except where otherwise noted, the information concerning our financial condition presented in this document is based on our Balance Sheet and Income Statement, which is prepared in accordance with IFRS.

## **Forward-looking statements**

This document may contain estimates and forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may appear throughout this document. These estimates and forward-looking statements are mainly based on the current expectations and estimates of future events and trends that affect or may affect the business, financial condition, and results of operations, cash flow, liquidity, prospects and the trading price of the units. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us. Forward-looking statements speak only as of the date they were made, and we do not undertake the obligation to update publicly or to revise any forward-looking statements after we distribute this document as a result of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this document might not occur and future results may differ materially from those expressed in or suggested by these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results. As a result, you should not make any investment decision on the basis of the forward-looking statements contained herein.

## **Rounding**

Certain percentages and other amounts included in this document have been rounded to facilitate their presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetical aggregation of the figures that precede them and may differ from the financial statements.